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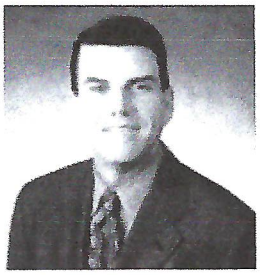
Looking abroad

For IVD companies, overseas markets offer unique challenges and an abundance of opportunities.

By: Richard Park

Doing business in the IVD global market can be a daunting task. This is especially true for IVD companies that must concern themselves with trying not only to sell and market their products but also to comply with strict rules and regulations that certain countries may have implemented for any products related to medicine.



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To find out how IVD companies should address these issues related to doing business across the globe, *IVD Technology* senior editor Richard Park spoke with Jeffrey Jones, director of worldwide marketing at Quidel Corp. (San Diego). In this interview, Jones talks about how IVD companies should approach doing business in the global market and what the obstacles are that companies may face.

IVD Technology: What should the term global market mean to an IVD company?

Jeffrey Jones: Being based in the United States, Quidel and other companies have tended to think only domestically. What we quickly realized, though, is that we are not alone. A considerable amount of business, about 50–60% of the worldwide IVD business, occurs outside of the United States.

So when I think of what the global market means, it's trying to take one more step beyond how we think domestically. For a company like Quidel, the amount of business and the amount of potential outside of the United States is huge. And as the standard of living continues to increase around the world, the opportunity for companies like Quidel becomes even larger.

Considering this huge potential, how should an IVD company define the global market for its own intents and purposes?

Companies like Quidel can't be everything to everybody. So we have to rely on our core competencies, which include our distributor relationships. Second, we continue to be innovative and invest in technology, and then we translate that to our global partners around the world.

How should IVD companies utilize the notion of a global market in order to make it fit into the company's overall business strategy?

The first step for doing business in the global market is trying to understand it. Unfortunately, American companies have a very myopic viewpoint of the worldwide market.

But what we are doing in fact is trying to better understand the global market that's out there. This process includes putting people on the ground overseas and hiring local people in those markets who do understand them, and not just having people in the United States who happen to have in their titles a worldwide responsibility.

We have offices in Germany and in Italy. And we have people with responsibility for Latin America and Canada, as well as Asia and the Pacific region.

Once there are people on the ground, companies must continue to invest overseas. For example, there are both heavily regulated and not so heavily regulated countries, and in the more-heavily regulated countries, approval is needed to market IVDs, which is where the local people in those markets can be of help.

At the same time, in the nonregulated countries, such as in Latin America, companies don't necessarily need to get approvals for their products. However, what is needed in these countries is relationships. This gets back to what I said earlier about our core strength, which is our relationships with our distributors. We sell everything through distribution, so we also rely heavily on our distribution partners to help us better understand overseas markets.

How important is it for IVD companies to have a presence overseas and to market their products overseas?

It's extremely important. A company can't pretend to understand a market if it doesn't have people who live there on a daily basis. Our people are dotted throughout Europe. Besides having offices in Germany and Italy, we also have people in the UK and the Nordic countries. We've even got people in Australia and Japan. So it's extremely important that we have that presence overseas as we continue to develop relationships with our distributors.

For a company of our size, we have built up and maintained a considerable presence overseas. Considering that about a quarter of our business comes from overseas, we've got people basically all over the world further developing relationships with our distributors and making sure that we further substantiate our presence in the rapid point-of-care diagnostics arena.

How did Quidel decide to establish its particular offices overseas?

Like a lot of companies, what happens is a particular business opportunity presents itself. Let's use Asia as an example. There's a huge population boom going on in Asia, particularly in Japan. We have had such an increase in the amount of business there that we actually had to hire somebody to manage our relationship with our distribution partner in Japan. So we have built a wonderful relationship with Sumitomo, and we've been very successful in that market.

Before you came to Quidel, you were at Bayer for quite a few years. Moving from a large company like Bayer to a smaller company like Quidel, what are some of the differences between those two companies' approaches to global marketing?

In one breath, it's quite different, it's night and day. But in another breath, it's very similar. Bayer is a $32 billion corporation with 145,000 employees worldwide, while Quidel is considerably smaller with about 350 employees worldwide. So right off the bat, it's considerably different in that respect. But where the similarities come in is that there's a presence and a committed focus around the world.

At Quidel, we've got a very broad-based product portfolio that allows us to take part in markets where our competition might be the same size as we are, but has only one or two of the same products. So we're able to leverage that business or product line through our distribution partners. At the same time, though, there are certain markets, such as the urinalysis market, where specific larger players like Bayer play a major role. So it's going to take some very aggressive efforts on behalf of those of us at Quidel and our distribution partners to be successful.

How do these differences present challenges to you in marketing Quidel's products overseas?

Once again, it gets back to what I said earlier that we can't be everything to everybody. What I prefer to do is focus on a few countries and be extremely successful there. By focusing on a few of our distribution partners, we have developed fantastic relationships with them and have been successful.

On the other hand, Bayer clearly has a very dominant global presence. But they try to be a lot to everybody, and that doesn't always work. So I think the business model that we've chosen—to go through distribution and focus on our distribution partners—continues to provide value through our products and technology and is the correct business model for us to continue to adopt.

What are those countries that you and Quidel have decided to focus on? And why those particular countries?

I'll use Latin America as an example. Latin America provides an incredible opportunity for us, and we've got some very strong distribution partners down there. Asia is another example. The flu market in Japan was completely opened up to us by developing a very strong relationship with Sumitomo.

Europe is yet another example. The European market is one that can't be discounted because of its size, even though it may not be growing as fast as some other markets. Asia is growing at an incredible rate, and so is Latin America. And that's feeding into an overall 6% growth in the total IVD market, or roughly an 8% growth in the point-of-care market.

Considering your experiences at Bayer and now at Quidel, what general lessons would you draw about how IVD companies should go about marketing their products and technologies globally?

This gets back to one of my first comments that when U.S.-based companies are focusing internationally, they can't paint the same way that we do here in the United States. It's just a different mentality.

Putting advertising together is one example. Americans tend to want to have humor and things like that. The Europeans tend to be more technically oriented. That's good for us because that is one of our core strengths, being a leader in technology.

At Quidel, we made the decision years ago to work with local distributors. And that is a business model that continues to work for us. It continues to allow us to grow our business, which in turn provides value to our investors.

Practical Lessons

How can an IVD company that is focused primarily on the domestic market expand its national sales strategy into a global marketing plan?

Quidel's strategy is to understand the overseas markets, and the second part is to invest in our distribution relationships in those markets. An IVD company has got to make the strategic investment and the decision that they're going to be a global company, and not just a U.S.-based company, that they're going to continue to try to access new markets, like South America for example. A company has got to have a presence there, make investments in local resources, and stay focused on its customers.

How should an IVD company evaluate the utility of its products for the global market and then penetrate the market with those products?

One of the first things that can be done through distribution partners is to understand what the requirements are of a particular area that a company is looking to invest in. If a particular country has a higher tariff rate, for example, and your distribution partners are crying out for a certain product, then you've got to find a way to provide that product. Quite often we have the product, but if this is a regulated country, the question is whether we can get the product approved and into the hands of our distribution partners.

We have proprietary technologies that we plan to exploit, and we plan to bring new assays to market. We've got the platform, and we've got the ability, so now what we have to determine is which assays and what tests we need, and where do we need them.

So that's where we're looking at various markets, talking with our distribution partners, and most importantly spending time on the ground talking with end-users, asking them specifically what is it they need, to determine whether we develop our products and continue to bring those products to market.

What are the unique challenges involved in marketing IVD products overseas?

What it really gets down to is understanding the customers' needs. The needs of a customer in Topeka, Kansas, are considerably different from those of somebody in Paris, France. While everybody needs a pregnancy test, how that test is used may or may not be different from market to market.

So the challenges are understanding the needs of both the end-user and the distribution partners, and making sure that they are provided with value in the products that are launched to them.

How can an IVD company overcome these challenges?

How an IVD company overcomes those challenges is with persistence. For example, the market in Asia is a long-term opportunity. And a company doesn't go in and change the way business is done there overnight. It takes years to develop a relationship, so a long-term approach has to be taken. The same applies to Europe. Domestically, we're much more acutely aware of the here and now, "I need this yesterday." And not that there aren't customers in Europe that have that same requirement, but nonetheless, they tend to take a more long-term approach.

So companies need to be patient and willing to make a long-term investment. One of the things that attracted me to Quidel was its long-term approach to new technologies. They might not be made available overseas overnight, but once the pipeline gets moving, we continue to launch and commercialize these products to the end-users.

Is pursuing the overseas market only right when a company has a long-term vision?

No, not necessarily. In any market or business line, multiple strategies can be pursued, both short-term and long-term, so that these things really run parallel to each other. What I'm saying is that if an IVD company is going to get into Asia, that company needs to understand that they do business differently over there. And with that understanding, a company should know that they're going to have businesses at hand that they've got to worry about on a daily basis.

So if a company is willing to put in the time and effort as well as the resources both in terms of capital and personnel, then pursuing the overseas market is a worthwhile venture?

Absolutely. Like I said, the domestic IVD market accounts for 40–50% of revenues, while overseas markets account for the other 40–60%. Here at Quidel, global sales only account for about a quarter of our business. So we have a significant opportunity to gain from looking overseas to sell and market our products.

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